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GÖTEBORG STOCKHOLM MALMÖ

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THE TREND OF CREDIT POLICY

BY PER JACOBSSON

In matters of credit policy the question of interest rates plays a particular rôle and this question has so many aspects that it appears ever fresh and alluring. After taxation it is probably one of the oldest financial problems which has worried mankind. In times past an attempt was made again and again by the authorities to lay down what should be done with regard to interest rates. During long periods the charging of interest was altogether forbidden, or when such an extreme standpoint had been discarded an attempt was made to fix maximum rates with a stipulation that any excess should be illegal and could be punished as usury. When banks began to operate and it was found that they could create credit by their lending, the more modern aspect of the problem of interest rates was brought home to all those concerned with monetary policy; the fixing of the rates was no longer merely a question of ensuring fairness between creditors and debtors, for the purchasing power of money could be affected, even though currencies were linked to gold. It was particularly in the first three decades of the nineteenth century, through intensive work in Great Britain (including the findings of several Royal Commissions), that, with much effort, the rules of what we now call the classical gold standard were elaborated — and once the rules had been found, the operation of this standard was rather misleadingly called "automatic". In fact, the successful operation of the world's currency systems under the gold standard depended very much on the flexibility of interest rates: one of the advantages of this standard was that gold movements could as a rule be taken as a guide for policy, since they generally reflected the state of the balance of payments and of the internal credit situation. And, at the same time, the example set by the London market was of the greatest importance, changes in interest rates by the Bank of England being looked upon as indicative of the general world trend.

Up to some twenty years ago, the rules of the gold standard, of which some indication has been given above, were regarded, by and large, as the almost self-evident foundation for the world's monetary system. It was left to the great depression of the 1930s to cause a profound change in man's ideas on this subject, as in so many other fields. There was, however, no real necessity for that to happen. It had been part of the established doctrine that interest rates should be low in the downward phase of the business cycle — so it was only proper that money should be cheap after 1929 — and there was, moreover, the precedent of the 1880s with its depression and long period of really very low interest rates. But after the difficult years of the 1930s came the second world war, the expenditure of which was financed with continued low interest rates. Even that was not bound to cause a fundamental change in the opinion held with regard to the peacetime rôle of interest rates, since obviously the creation of credit during the war was primarily for government account and, therefore, mostly not of a kind to be influenced by variations in either short or long-term interest rates. And the volume of private investments during the war could be limited most effectively by allocation of raw materials and other measures of direct control.

All this meant, however, that when hostilities ceased in 1945 the western world had experienced a period of close on fifteen years (including the greatest war ever known to mankind) with cheap money all through — and for a new generation it seemed to be taken almost for granted that low interest rates had become part of a new order in matters financial. During the first two or three post-war years, moreover, it remained true in many countries that the volume of investments

was still so largely determined by official control that there was no need to use the interest weapon for the purpose of keeping investments within desirable limits.

There were, however, some countries which adopted a line of action different from the majority. The National Bank of *Belgium* had twice increased its official discount rate already in 1946, but Belgium seemed in this, as in several other matters of financial and economic policy, to be ploughing rather a lone furrow. In 1947, however, there were certain additional deviations from the cheap-money policy which attracted great attention:

(i) In *Italy*, Professor Einaudi, being at the same time Governor of the Banca d'Italia and Finance Minister, put into effect in the autumn of 1947 a programme of financial reconstruction which involved, inter alia, an increase in the discount rate and the imposition of fairly severe credit restrictions; thanks to these and some other measures, it became possible to arrest inflation and even to bring about a certain fall in prices — notwithstanding the fact that the Italian Treasury still had to provide for a fairly substantial budget deficit. Long-term interest rates were allowed to find their own level and went as high as 7 to 8 per cent. In the same autumn the Bank of *France* also increased the official rate of discount and certain other credit measures were taken, but it was only in the following year that really decisive measures were adopted in France. Here, too, long-term interest rates went to the level of about 7 per cent. These are high rates but it should be remembered that both in France and Italy the budget was still in deficit, which made it necessary to put greater reliance on credit policy, and that also in these two countries inflation had gone very far, prices having risen fifty times above pre-war in Italy and twenty times in France, such reductions in the purchasing power of money being not easily forgotten by the public.

(ii) In countries in which no such great fall had occurred in the value of money the people felt that the rise in prices was one of the inevitable consequences of the war rather than something attributable to bad finance; and when confidence had not been badly shaken more moderate changes in interest rates were found sufficient. Of great importance in this respect was the reorientation of *British financial policy* brought about by Sir Stafford Cripps in the autumn of 1947 (after the failure of the convertibility of the pound) and part of this reorientation was an increase in the long-term interest rates on the British market from a pegged rate of $2^1/_2$ to 3 per cent. It is true that very low short-term rates were not increased; but there is some reason to think that the long-term rate is, in certain situations, of greater importance as more directly affecting the volume of investments than the short-term rate. The step taken in 1947 created a precedent for future behaviour, since it became accepted policy that the Bank of England should not use central bank money to hold down artificially the level of long-term interest rates. After the devaluation of the pound in September 1949 the London bond market was again under pressure and again the quotations of government bonds were left to find a new level of equilibrium without any artificial support by the central bank. This did not mean that the Bank of England left the market wholly to itself. It has in the first place to be remembered that the Bank of England manages the investments of important official and other funds; and in the second place there may be occasions, when with almost no net expense it is possible to normalise the quotations of *e. g.* government bonds. But the Bank of England does not seak to influence at any cost quotations in direct opposition to the market trend. The yield went as high as 3,8 per cent., the market coming down afterwards, under its own steam, to $3^1/_2$ per cent.

It is sometimes said that a difference in interest rates of $^1/_2$ or even 1 per cent. cannot possibly have a very great influence on those who take decisions affecting the volume of investments. In a way this is true, but it cannot be suf-

ficiently emphasised that it is not so much a question of an increase in the rates themselves that counts (although for the building of houses, for instance, the interest to be paid plays rather an appreciable rôle) as the fact that no newly created central bank money is put into circulation for the purpose of maintaining an artificial rate level. One must never forget that new investments have to be financed; if, therefore, no newly created funds are made available the volume of investments has to be kept within the limits of existing resources, and it will then almost of its own accord adjust itself to an appropriate level.

In contrast to Great Britain, *Sweden* did not, in 1947, cease to apply a policy consisting in the pegging of the level of long-term interest rates by the central bank. From 1945 onwards official policy has been based more obstinately in Sweden than in other countries on a belief that there would be a rather severe post-war depression in the United States — a belief which in many respects suited those who were responsible for (say) the housing policy, for what could be better than that the situation required the maintenance of low rates to finance the construction of new tenement houses? In Sweden the commercial banks and still more the savings banks grant a fair amount of credits for long-term purposes, *e. g.* against mortgages. In the two years 1946 and 1947 the commercial banks increased the total of credits granted by S. Kr. 2 200 million, this increase being financed to the extent of about S. Kr. 600 million by an increase in deposits and to the extent of S. Kr. 1 600 million by the sale of government bonds which were, in fact, bought by the Riksbank. Large amounts of bonds were taken over also from the savings banks. The Riksbank further took over bonds to the extent of some S. Kr. 500 million from a state mortgage institution which in its turn lent this newly created money for construction of houses — clearly an inflationary way of financing. The acquisitions of bonds by the the Riksbank were called "open-market operations"; but the net result was the direct financing of the building of houses, equipment of factories, etc. New purchasing power was created in this way, and its utilisation led to a larger outlay on investment (and hence on consumption too) than was warranted by the resources of domestic orgin. The consequence was the emergence of a deficit in the balance of payments — since the extra resources required did not come from the sky — and a loss of monetary reserves, which fell from nearly S. Kr. 3 000 million in 1945 to only S. Kr. 600 million in 1948, this being equivalent to a fall from about $750 million to $150 million in U. S. currency. To rectify this critical situation the Swedish authorities did not alter their financial policy but decided upon the reintroduction of import restrictions and the application of direct methods for the purpose of curtailing the volume of investments. In fact house-building was reduced by some 20 per cent. and this proved sufficient, for the time being, to restore an equilibrium which in 1949 made it possible for the monetary reserves to be reconstituted to a certain extent. The situation was, however, still precarious and fresh difficulties arose after the outbreak of the Korean affair. Although Sweden is largely a raw-material-producing country, it has not been able to strengthen its position as a result of recent price developments but has continued to lose foreign exchange. In July 1950, under the impression of these developments the central bank, after prolonged discussions with the government, ceased to support the market quotations of government bonds; and by the end of November the official discount rate had been increased from $2^1/_2$ to 3 per cent. Now, about half a year after the withdrawal of the central bank's support, the market quotations of 3 per cent. government bonds have fallen from 100 to 92, and it seems that this rather limited downward adjustment has been sufficient to induce private holders of bonds *not* to go on selling. They obviously expect that before long the quotations may approach 100 and they would find it difficult to earn in the meantime an additional income which, after payment of taxes, would give them an amount corresponding to the difference of 8 per cent. in capital values. The experience in Sweden has thus been the same as in Great Britain and, in fact, in Switzerland, namely, that relatively moderate changes in long-term interest rates have been

sufficient to establish a natural balance in the capital market. There remains, however, in Sweden the task of ensuring that the great import requirements of highly priced raw materials and other goods are not financed too readily by newly extended bank credit often refinanced in one form or another at the central bank.

Similar problems of financing increasing imports also affected *Germany* — and there can be no question but that in the autumn of 1950 too large a volume of credit was made available by the German central bank system. To regain control over the situation a programme was worked out which envisaged the curbing of credit extension and the imposition of new taxes to absorb the redundant purchasing power which had been created. The discount rate was raised from 4 to 6 per cent. and measures of direct curtailment were also agreed upon. The execution of a part of the programme was, however, delayed, and in February 1951 it proved necessary to add a curtailment of imports to the other measures. At the same time the restriction of credit was made more severe, which shows that there is no intention of relaxing the policy of financial restraint but to seek a solution by a combination of financial restriction and direct physical controls.

In the *Netherlands* the official discount rate was raised in the autumn of 1950 from $2^1/_2$ to 3 per cent. and in *Finland* from $5^3/_4$ to $7^3/_4$ per cent., while during 1950 in two stages the rate was increased in *Denmark* from $3^1/_2$ to 5 per cent. — further evidence of the return to changes in interest rates as an instrument of credit policy.

In Europe, the discussion of credit policy in the *United States* has been followed with great attention — and it has been noted that the aim of the measures agreed upon between the Treasury and the Federal Reserve Banks is (according to a statement in the "New York Times" of 4th March 1951) "to *reduce* the sale of bonds by holders to Federal Reserve Banks, which are required to buy them at prices for which they were originally sold and thus maintain the market for them at the same par levels. Through such sales, the country's banks and other financial institutions, holders of a large amount of the securities, provide themselves with cash reserves on which to make loans. Inflationary forces are consequently built up by the increased circulation of money."

From a shortsighted European point of view it may be considered that a credit expansion in the United States, by which the dollar would be made less scarce, would facilitate a return of European currencies to dollar convertibility. But not even this is certain, since continued credit expansion in the United States might make the raw materials which Europe has to buy even more expensive. It must be in Europe's best interest that the American economy, which is of so great importance for the movement of world prices, should ensure, even under conditions of rearmament, a high degree of stability in matters of credit and money.

SOIL DESTRUCTION

MYTH OR REALITY?

BY SVEN L. JANSSON, ROYAL AGRICULTURAL COLLEGE OF SWEDEN, UPPSALA

During the forties problems have come to the fore that bear upon the future of mankind in a degree unparalleled at any previous time. What comes first to mind in this connection, of course, is the staggering development of technique and the use of atomic energy as an instrument of war. But, in an entirely different field, much anxious attention has come to be focussed on another problem of vital interest to humanity — its food supply. It is being said that the very basis of our civilization, the soil that we cultivate, is swiftly approaching annihilation, bringing universal starvation in its wake. This sombre picture of the future — painted mainly by American authorities — is based on the following assumptions.

When man began to apply his great gains in the domains of science and technique he ceased to be just one species of animal among countless others, having no particular significance as far as the geological process is concerned. He acquired undreamt-of potentialities of self-multiplication and developed into a destructive geological factor. In order to satisfy his daily needs he had to place ever-increasing demands upon the soil, which was ruthlessly exploited. Modern agriculture has become a crime against the laws of nature and the natural balance has been destroyed. The soil, which under natural conditions would develop steadily in the direction of yet greater richness and fertility, has, it is said, lost its stability as the result of intensive cultivation. The moisture balance has been upset and the climate has deteriorated. When an area has been farmed to the very limits, it has been left to its fate and abandoned in favour of a new one. A short-sighted desire for gain has been the driving force in this planless work of destruction. Under the influence of the worsened climate the impoverished, unstable soil has been blown away, washed out to sea or turned into infertile desert at an ever-increasing rate. The position today is such that there are no longer any considerable reserves of cultivable land to be found, yet mankind is rapidly increasing in numbers and the land now in cultivation is being destroyed and used up at an even greater rate.

Unfortunately, when it comes to indicating the way out of the difficulties much less confidence is exhibited. Since the destruction of the soil is caused by a crime against natural laws, the way of salvation should of course lie in making peace with nature. Just where a state of peace begins — whether it is to mean return to the hunting stage or whether some more or less primitive form of cultivation would be permitted — we are usually not told, however.

By insisting on and magnifying the negative aspects of food production such writers shoot wide of the target and their contributions to the discussion take on the character rather of prophecies of doom, with a best-seller appeal, than of scientifically reliable presentations. This is usually traceable to an incomplete comprehension of the knowledge we have assembled of the conditions of plant life and of pedogenic processes.

Starting from the viewpoint of modern soil science, we shall seek in this study to analyze the problem of soil destruction and to subject the "catastrophe" theory to critical examination.

The soil — a dynamic complex

Before we can estimate the effect of ploughing up the soil and the subsequent permanent soil management it is necessary to be clear about the conditions prevailing in land untouched by man — to know how the soil profile arises, how it develops and perhaps deteriorates. Land which is

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in its "natural" condition is by no means generally in ideal shape. Still less is it true that it is constantly preserved and improved.

In elementary geology we learn that the loose deposits on the surface — the parent material of the soils — are formed from the solid rock as a result of weathering. We also become acquainted with *erosion,* a slow geological process which means the wearing away of solid rock and the removal of loose deposits on the earth's surface, mainly as the result of the effect of wind and running water. Erosion leads to a final stage which is characterized by a land surface having little or no differences of altitude. Under certain conditions — for example at the end of the last glacial period, when the enormous ice-cap of Scandinavia was melting — erosion can in a relatively short time entirely reform the land surface, but in such climatic conditions as allow a protective cover of vegetation to spread over the loose deposits, it will only make its effect felt over a very long period. The levelling action of erosion through the removal and redepositing of the soil is, however, by no means the only or even the most important of the processes that the loose deposits are exposed to in a land area, undisturbed by cultivation. There is a much more rapid and far-reaching change of an entirely different kind in the shape of *soil formation,* which is constantly at work on all loose deposits but need not involve any transporting of material from one place to another. The study of this process has in many respects become the basis of modern soil science or pedology. The basic principles of soil science have not, however, become general property; they have not even penetrated down to the people who have to train the practical men or to those, who, posing as experts, make confident prophecies about the future of world agriculture.

The principle of soil science is as striking as it is simple; a soil is a whole, an organism, which like all other organisms is developed and changed under the influence of its environment. In other words it is a dynamic complex, not an unchangeable static material. The influence of environment leads to the parent material — the deposit of more or less finely divided particles of rock — undergoing a series of changes which result in a product that is typical of the local conditions, a *soil.*

The development of soil formation depends on a number of factors and the interaction between them. The most important of these are the climate, the type of vegetation, the topography and the properties of the parent material. Climate is the driving force in soil formation, but all the factors are woven together into a whole from which it is almost impossible to single out the importance of any individual factor.

Just as no two localities are completely alike as regards the factors which determine the soil formation, so one does not find two exactly similar soils. On the other hand it is possible to assemble soils in large groups, determined by the main types of climate. These are the world-wide zonal soil types. In Russia — the classic land of pedology — where a large land surface with loose deposits has made possible a study of the transition between the different types of soil, the following zonal soils exist beginning in the North at the Arctic coast: first comes a belt with the slightly developed, constantly frozen tundra soil. Then follows the grey forest soil or *podsol* — typical of moist, temperate climates and coniferous forest areas. The podsol gives way further South to the brown forest soil or *brown earth* — the soil of the decidous forests — and still further South, where the climate is drier, we find the black earth, *chernozem,* the soil of the grass steppes. Furthest to the South extend the chestnut earths and grey and red semi-desert and desert soils associated with the driest types of climate. Within the areas covered by the main zonal types there are also a number of so-called intrazonal soils of a more local character, due to the fact that some factor other than the climate prevailing in the district has more or less permanently affected the soil formation.

Sweden, and the whole of North-West Europe, belong to the podsol region, and most important intrazonal inlay — in the South and East parts of the country — consists of brown earth, owing its existence to a more favourable original material than the prevailing siliceous rock or to a drier local climate.

A mature soil represents a fairly stable state of equilibrium, carries a typical vegetation and is characterized by a more or less far-reaching process of change, destruction and translocation, in a vertical direction, of the parent material.

The differences between the various zonal soils are very important. The formation of podsol involves an advanced process of breaking down and destroying the top soil; it is depleted because the original material is quickly solvated and the solution products are washed down and are lost to the vegetation. In the case of chernozem, on the other hand, the changing of the original material goes on more slowly, the products of the change largely remain where they are formed and are available for the vegetation. The process of change also goes on slowly in the dry desert and semidesert soils, but in this case there occurs transport of soluble products of change to the surface layers, which gradually become so salty that the covering vegetation suffers.

The maturing of the soil is often associated with far-reaching changes in the conditions for the development of vegetation, and thus a number of plant associations succeed each other more or less rapidly until the final stage is reached for the mature soil.

With a soil developing towards the podsol type this means that increasingly poorer types of vegetation, making smaller and smaller demands on plant food, succeed each other step by step with the successive impoverishment of the soil until coniferous forest or heathland is reached. In the chernozem regions, where no impoverishment takes place, it is not the sources of plant nutrients that decide the type of vegetation, but the supply of water. Still more is this the case with the desert soils, where the salt content of the top soil is increased and the unhappy result often follows that the soil in its final stage lies without vegetation.

We can affirm that the dynamics, directed by climate, of soil formation lead, independently of the surface-changing geological forces and of the doings of man, to an impoverishment and destruction of the surface layers of the earth in some cases, while in others it involves the preservation or perhaps even the enhancement of fertility and in yet others the top soil becomes harmful to vegetation as a result of an accumulation of soluble salts. Without a knowledge of the dynamics of soil formation it is impossible to tell the way in which the development will take place after the earth has been put under cultivation and how it should be treated subsequently in order not to deteriorate.

Ploughing up — a revolution

The different types of soil naturally possess very different values as bases for cultivation. It is generally true to say, however, that ploughing up constitutes a very severe attack on the soil, involving something of a revolution. A revolution, however, need not always be a bad thing; it can also eliminate weaknesses in the prevailing system and introduce a better state of affairs.

Nevertheless ploughing up always has its weak points; in this the supporters of the "catastrophe" theory are perfectly right. The most serious defect is a physical one, and consists in the fact that the protecting vegetation is constantly being broken up, as a result of which the forces of erosion are given good surfaces to attack in the loose, unprotected earth, which may very quickly be transported away and deposited elsewhere. We therefore speak of *accelerated erosion* as the principal soil-destroying factor in the train of mankind.

The laying bare of the earth and the constant disturbance of the land surface through the tillage operations also have bad consequences as a result of the fact that soil aeration is enhanced and promotes oxidation. This manifests itself in the fact that the content of organic matter in the soil — its humus content — falls to too low a value, which means that the value of cultivation declines at the same time as the tendency to erosion increases. The humus problem is therefore closely connected with the erosion problem of cultivated land.

The humus problem has another serious aspect which at the same time concerns the nutrient balance of the soil and is strongly accentuated by the development of the community in modern times. It is connected with the carrying away of the harvested crops from the cultivated earth. The tendency has been for an ever greater proportion

of the products of the cultivated soil to be taken away for good and to be thrown into the sea by way of the sewage systems of the towns or to be burnt up in dust destructors without the soil getting compensation for the losses of plant nutrients and organic matter.

But it is not only that the soil becomes unprotected and open to erosion as a result of being brought under cultivation; the elimination of the natural vegetation can also involve a tendency towards the strengthening of the erosion-causing agencies — wind and water — by affecting the climate. Drainage gives a quicker and more uneven flow than is the case under natural conditions; the waterways carry a more seasonal flow of water, *e. g.* a more marked spring flood. In addition the surface run-off generally becomes greater because the capacity of the soil to take up and store precipitation is diminished as a result of cultivation. By this the climate is affected in such a way that the frequency of storms and torrential rain is increased, and this undoubtedly has a very strong erosion-promoting effect.

It is often stated, however, that cultivation, in addition to all this, completely upsets the moisture-balance of nature. According to this school of thought the reserves of ground water will diminish, lakes and other surface reservoirs will be emptied and the area of cultivation will be entirely changed into a dry, infertile "culture steppe". Fortunately this consequence of cultivation belongs to the realms of the imagination; it has no basis of fact to fall back on.

To sum up we find that the soil in its physical aspect becomes much more sensitive to harmful factors through cultivation than when it is in its natural condition and that therefore unsuitable measures of cultivation can cause it to fall a victim to accelerated erosion.

Soil formation is also strongly affected by cultivation. The connection, however, is more complicated and it is not at all possible to state categorically that cultivation hastens on a harmful development; on the contrary it is here that the revolution can betoken an improvement. How it works out is very largely dependent on the type of soil and the methods of cultivation. We shall return to this later.

The world situation

But what about the world situation? Has the moment of danger been avoided or is the cultivated soil marching towards destruction?

Here some adjure us to take glance back at history, which they say teaches us that the failure of former cultures was mostly caused by soil destruction. This is said to be true of the old civilizations on the Euphrates and the Tigris, on the North African coast and in South America. It was true of ancient Greece and last but not least of the proud Roman empire. According to this theory all these civilizations, faced by the problem of over-population, took unsuitable methods of agriculture which led to erosion and deterioration of climate; the difficulties mounted, the decline continued and in many cases the final result was that the desert extended its sand masses over the last remains of the fallen civilizations.

This theory is very attractive and lends a certain weight to the catastrophe theory, but the question whether it is correct or not is an open one and it may be that it can never be probed to the full. According to another theory, however, the old civilized races in their heyday were able to deal successfully with the natural desert-forming forces conditioned by the climate of the regions, thanks to carefully selected and well executed methods of cultivation. It was not until the nations encountered difficulties of other kinds or fell victim to conquerors and were no longer in a position to devote their full energies to agriculture that nature was able to assume the mastery and carry through its work of destruction.

But we need not concern ourselves too much with what has been; the situation prevailing in agriculture to-day presents great problems of destruction caused by the unwisdom of mankind. In damp, temperate areas — podsol and brown earth regions — water erosion has wrought great havoc, especially where the ground is hilly, once it has started as a result of unsuitable methods of cultivation or over-grazing of pastureland. In the latter case livestock break up the covering vegetation with their hooves and thus create spots where erosion can get a hold. Damage of this kind occurs when too large a stock is kept in relation

to the productive capacity of the soil. It has sometimes led to a generalized and uncritical condemnation of cattle-farming as such — a condemnation which would very soon lead to a state of "out of the frying-pan into the fire" in areas where the resources are better suited to the pastoral farming that is carried on in them. Nevertheless, serious erosion damage in podsol regions is found in the northern and eastern parts of North America, in North Asia and in the Far East.

The moist and warm areas — equatorial forest regions where the soil is known as *laterite* — are even more subject to this type of erosion. For them, broadly speaking, no reliable methods of cultivation yet exist. This applies above all to the equatorial parts of Africa and South America and certain parts of India.

The richest farming land in the world — the chernozem regions in Eastern Europe, Asia and North America — has been rendered liable to erosion as a result of one-sided, oxidation-promoting cultivation and has been damaged by both wind and water erosion.

The dry areas — with soils related to chernozem, chestnut and semi-desert soils, etc. — in the west and south of North America, Central America, the greater part of South America, South Africa, the Mediterranean basin, the Near East, large parts of Central Asia and practically the whole of Australia, where the main type of farming is extensive cattle farming or extensive arable farming without the application of soil amendments, are perhaps the areas most severely ravaged by erosion — wind erosion in the plains, water erosion in the hilly parts. The protective vegetation on the pasturelands has been worn down by excessive grazing and the over-exploitation of open fields in these dry areas has, as nowhere else, reduced the organic matter content of the soil and adversely affected its physical properties.

After this rather disheartening survey of the ravages of erosion in the important food-producing areas of the world, it remains to consider (apart from some areas of limited extent which enjoy good conditions) only one agricultural region of significance, namely North-West and Central Europe. Here agriculture has been carried on continuously without serious detriment to the stability of the soil.

Is the situation hopeless?

In face of the world situation as it has been outlined here, it is not difficult to understand why there should be doubts about the future of agriculture and fears that our corner of the world may in its turn fall victim to soil destruction.

Whether this actually happens depends entirely on ourselves; we have a good chance to escape the threatening catastrophe. Moreover, we can be optimistic enough to believe ourselves capable of saving the cultivated land in the rest of the world from continued destruction. Agricultural research has given us the opportunity of analyzing the situation, to realize past mistakes and indicate remedies. Already the problem is not so much to find remedies as to get them generally applied.

The kernel of the problem is to be found in the complicated interplay between natural soil-formation, continuous cultivation, and soil-destruction. Cultivation must be maintained; a complete return to nature is unthinkable — nor, incidentally, would it mean that the destruction of the soil would cease, for most natural soils have an innate tendency towards deterioration and decay. The solution to the problem of preserving the cultivation value of the soil, therefore, does not lie in allowing the natural soil-forming forces to have free play, but in guiding the development along other paths more useful both to the soil and to ourselves.

In all the regions where soil-destruction now threatens to take the upper hand, the methods of cultivation have been of such a kind that the natural destructive tendencies have been promoted instead of being counteracted, and the principle we have mentioned has been disregarded. The soil has been made to yield one crop after another and has constantly been subjected to oxidation-causing tillage operations, but it has not been given a chance to recover or given ameliorative treatment or compensated for its losses of plant food. The yield has sunk to a low level and, what is worse, the soil has become very liable to erosion.

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This is what we call *extensive farming* — involving a small outlay of labour and other productive factors — and it is this form of farming that is so fatal to the soil.

The fact that our particular part of the world has come out so well in this matter is in itself very instructive. It cannot be denied that the composition of the soils is such that they offer considerable resistance to the forces of erosion, nor that these forces are of a rather mild type; rain seldom falls in the form of sudden cloudbursts, cyclones and other violent disturbances in the atmosphere are rare. Nevertheless the climate and the character of the soil-formation are such that if extensive agriculture of the type just outlined were applied the soils would long since have been impoverished and destroyed. If the development has not travelled along that road, the credit must go to our *intensive farming*. In our efforts to maintain a high level of production we have made great use of ameliorative measures — among which liming is of fundamental importance — and the cultivation of the soil has been combined with livestock management of a high standard; this has meant a considerable cultivation of grass and leguminoses — most valuable for preserving the humus content — and an equally valuable production of farmyard manure. Further, by a use of artificial fertilizers unequalled in any other part of the world (including the U. S. A.!) we have counterbalanced the loss of plant nutrients which the prevailing natural soil-formation involves and which the removal of the crops gives rise to.

All this adds up to something very interesting — nothing less than the redirection of the soil-formation. The trend towards the podsol type, which has little cultivation value, is checked and the conditions that lead to the soil types most suitable for permanent agriculture — chernozem and brown earth — are realized more or less completely. The agriculture of North-West Europe with its extensive use of soil-improving and fertilizing agents creates, in other words, an intrazonal soil within the high-precipitation podsol region, a "culture soil" with the characteristics that distinguish the soil, more favourable for cultivation, of the drier steppe climate.

This intrazonal character has one very important consequence, and that is the highest average yield in the world. In the chernozem region, where the soil is rich but the climate is dry, it is the moisture factor that limits crop production. In the moist podsol region soil fertility is the limiting factor. If, then, chernozem — in the form of "culture soil" — is thus "moved over" into the podsol region there will be a combination between good nutrient conditions and good water supply which will give a better harvest than would be possible were the natural conditions operating alone.

Thus the agriculture of North-West Europe is a powerful witness to the fact that the preservation of soil fertility is bound up with man's capacity to guide the natural processes into new and useful channels. It also teaches us that nothing can be accomplished without the application of labour and other factors of production.

Thus we can also dismiss one thesis that is often strongly maintained in the discussions about soil destruction, the idea that it is the most intensively cultivated soil that goes under first, that the use of artificial fertilizers is a powerful factor in the destructive process and that the consumption of moisture by the growing crops imperils the moisture-balance of the soil. In every particular such statements are an instance of putting the cart before the horse.

The way of salvation

The way of salvation for the areas ravaged or threatened by soil destruction lies in the principle of counteracting and disarming the destructive tendencies inherent in natural development. This again is shown by the example of N.W. Europe, though we should not allow ourselves to be led to the conclusion that the principles applied there are the only ones permissible; in other climatic regions the application of the guiding principle may call for entirely different methods of agriculture.

That the principle can be fully applied within a forseeable future and without undue difficulty is demonstrated encouragingly enough by another example, the U. S. A. Since at the be-

ginning of the thirties, the Americans became aware of the seriousness and extent of the erosion problem, a national effort has been made, the threatening catastrophe has been warded off and the situation brougth under control, although traces of the damage already inflicted will remain for a very long time.

It is not possible to say much here regarding the technical execution of an effective system of soil conservation. It may be mentioned, however, that it must be organized on two main lines. One consists in preventing soil from becoming inclined towards erosion, and this is done simply by taking every step that will both preserve and increase the productive power of the soil. The other is to turn the edge of the eroding forces — wind and water. On a large scale this is done by what is called landscaping; by creating a suitable windbreaking balance between open land and belts of trees or bushes and by protecting the watercourses. On the individual farms special shelter belts can be arranged and a technique of cultivation devised that will prevent the wind from "getting hold of" the unprotected surface of the soil and will allow the rain to soak into and be retained in the earth, thus diminishing the harmful run-off.

But apart from the purely technical aspects, the problem of soil conservation has human and social implications of no less importance. Agricultural research needs to be extended; we know a great deal about natural soils and cultivated soils, but we must know much more if we are to be on the safe side as regards the future of agriculture. Furthermore, there is a need for information activities and, in connection with this, a large and well-trained corps of instructors and advisers to be at the service of the individual farmer. The first and last condition for the organization of efficient soil conservation is the existence of an informed and alert rural population of high standard, in whose interest it is to preserve the productive capacities of the land. In this respect many parts of the world fall very far short of the ideal. If they are to be helped a great deal will have to be done in many places in the field of agricultural policy.

It is therefore natural that entirely state-controlled agriculure should be regarded as the only way of achieving the desired result as regards the maintenance of soil fertility, just as private enterprise and the profit motive are seen as the driving forces behind the exploitation that destroys the land. If the position is to be ameliorated there must undoubtedly be drastic measures of compulsion in areas where soil destruction has gone very far and where a primitive agricultural population is living on the borderline of starvation. But that other ways are possible too is shown by the results achieved in the U. S. A., mainly along the lines of information and voluntary co-operation, and also in this part of the world, where we have a settled farming population who in spite of their sound conservatism are by no means impervious to new ideas and have always given first place to the preservation of the fertility of the soil.

The problem of soil destruction in Sweden

What has already been said regarding the situation in N.W. Europe applies of course to Sweden. We have therefore nothing to fear; provided we keep and improve our present methods of agriculture we have good prospects of continuing to enjoy the blessings of a stable soil with good yield potentialities.

But, it may be asked, what about the sand storms in the south of Sweden, in Scania? What is this but soil destruction, in the full sense of the term, beginning its ravages on our finest farming country? Of recent times supporters of this point of view have not been lacking, but fortunately it need not be taken seriously. It is under the inspiration of the American soil-conservation propaganda — in itself legitimate and useful, but somewhat too clamant by Swedish standards — and in ignorance of the conditions under which soil destruction takes place, that the pessimists have painted their picture of doom.

In certain parts of southern Sweden wind erosion is a real problem; but it is not a new problem, it is a problem that is centuries old. It is true that a report published recently expressed the opinion that the area inclined to erosion had increased considerably — it amounts to about 35 000 hectares — but this can easily be accounted for by the

lack of accuracy in the very crude method used for estimating the area.

The soils involved are light sandy soils which neither are or have been of a type suitable for cultivation. It is a common error to suppose that all the soils found in Scania are good; quite large parts of the province, including those we are now discussing, are in fact to be numbered among the worst in Sweden as far as their cultivation properties are concerned. It was perhaps unwise to put them under the plough at all, but once cultivation is started on them it requires to be pursued with the utmost caution. It is because this has not been done that the areas in question have become a problem, but that in itself does not mean that the risk that the process of destruction will spread to other areas has increased.

Of course, steps should be taken to organize effective measures of protection in the areas affected, and there is every reason why we should follow the development of our agriculture with a watchful eye. The fact that we have managed pretty well up to now does not mean that we can indulge in foolish complacency about the future. Above all we must beware of certain tendencies in the direction of exploitation which are discernible. These do not lie in the field of plant nutrition but in that of soil physics — the humus problem being especially prominent — and they arise from the relatively small profitability of livestock, a one-sided oxidation-promoting method of cultivation, and above all from the increasing destruction by burning of unsaleable vaste organic matter.

There is need to investigate and spread information about methods which will have the effect of preserving and improving the soil without diminishing the profitability of cultivation and the quantity produced. The stability and productive capacity of the soil is not so good that no improvement can be affected. There is a pressing need for agricultural research with large resources behind it. In view of the importance of farming to the country, agricultural research is still being treated in far too miserly a way, and this is true not least of those branches of it that are concerned with the fundamentals of the preservation and productive capacity of the cultivated soil.

The supply of foodstuffs: the prospects

Although great difficulties remain to be surmounted and extensive capital investments must be made in order to halt the worldwide process of soil destruction, it is possible to regard the problem with some optimism; it is not insoluble.

By way of conclusion it should, however, be pointed out that this does not mean that an ample supply of food for the needs of the whole of mankind is assured. Here we enter upon a complex of problems of an entirely different kind, whose solutions lie rather within the fields of demography and sociology.

Since the coming of industrialism the population of the earth has increased at a phenomenal rate. It is doubtful whether the proper maintenance of the cultivated soil and the rational utilization of the rather limited reserves of cultivable land now outstanding will be able to give an increase of food production sufficient to keep pace with the growth of population. If large sections of mankind are not to live in a state of semi-starvation, if the existence of civilization itself is not to be threatened by the struggle for insufficient means of production that may follow in the wake of hunger, it is a matter of urgent necessity to take measures to bring about a better balance between the population and the food-producing resources in large parts of the world.

INTEREST RATES IN SWEDEN AND ABROAD

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A lowering of interest rates was one of the expedients used by most countries in the western hemisphere to overcome the heavy depression of the early 'thirties. This policy reflected the economic thinking in those days, the front-rank personality of which J. M. Keynes became in the late 'thirties. Sweden was no exception: from 1932 onwards, interest rates were almost steadily lowered, and in 1938, the last prewar year, there was hardly any country presenting an average level of interest rates as low as that in Sweden.

This is fairly remarkable, for modern economy matured later in Sweden than it did in many other western countries. It may therefore be appropriate to review in brief outline the development of interest rates since the latter decades of the last century. A closer study of interest rates in the Swedish capital market up to the outbreak of the second World War will be found in an article published in the first 1939 issue of this Review.

From the 1890's up to the outbreak of the first World War, long-term interest rates showed a very calm development and a surprisingly low level. In that period the average cost of the total national debt was about 3¼ per cent. Government loans were then largely made abroad and their favourable terms were a result of great general international confidence and of Sweden's sound finances. The first World War and the period immediately thereafter brought a strong increase in interest rates which reached a climax in about 1920 when the yields of first-rate bonds had risen to between 8 and 9 per cent. These extremely high interest rates were only temporary, but even so long-term interest rates were slightly above their prewar level throughout the 1920's.

The development of the interest yield on the total national debt was naturally much calmer. In 1915 it had reached 4 per cent, and while continuing to rise during the 1920's it never actually reached 5 per cent. After 1929 and even more so after the depression year of 1932, interest rates dropped markedly; save for a few brief intervals, this downward trend continued until the outbreak of the second World War. At the end of 1938 the interest yield on long-term and medium government loans amounted to a mere 2⅓ per cent in Sweden, as against 2½ per cent in the United States and 3 per cent or slightly more for government loans in the Netherlands, Great Britain, and Switzerland. In France and Italy the rates were over 5 per cent.

Swedish interest rates were lower than abroad also in other sections of the domestic capital market. For instance, first-rate Swedish industrial loans yielded 2.9 per cent, at least one-half per cent less than was generally the case in capital markets abroad. It is only natural that interest rates should have been higher in countries which, unlike Sweden, had undergone the ravages of war; but it will be seen from the foregoing that conditions in Sweden compared favourably even with those in other neutral countries and the leading nations in international finance.

The chief reason underlying this marked drop of Swedish interest rates was the country's considerable foreign-trade surplus during the greater part of the 'thirties. This surplus led to a substantial net influx of foreign exchange that was sold to the Riksbank, which caused large quantities of money to be flooded into the market and to depress interest rates. There was, it is true, a Swedish foreign-trade surplus also in the 'twenties; but this was offset by Swedish capital exports, primarily to Central Europe, and interest rates were therefore prevented from declining. However, the unhappy experiences made with such investments abroad, and the decline in inter-

national confidence after the depression, led to what practically amounted to a cessation of Swedish capital exports during the 'thirties.

The outbreak of the second World War effected a drastic change in the capital market, and interest rates increased. This increase was due primarily to large-scale sales of foreign exchange by the Riksbank after imports had been forcibly stepped up, and to a considerably greater currency demand on the part of the general public, the state, and private enterprise. In addition, there was the panic effect upon interest rates when in April 1940 the war moved ever closer to the country from all directions. In May 1940, interest rates for long-term bonds reached a peak of nearly 4½ per cent, which was more than 2 per cent above the 1938 level. The summer of 1940, however, brought a fresh change. Under the influence of a surplus in the country's foreign payments balance and enormous government loans, interest rates gradually declined so that in 1945, at the end of the war, long-term government bonds had come to yield approximately 3 per cent, which was only slightly above the prewar level.

In the immediate postwar years, the general tendency to satisfy the pent-up demand which had accumulated during the war led to a heavy increase in the demand of credit for investments and to an enormous outflow of foreign exchange. These two factors tended to decrease the money supply, with a renewed increase in interest rates as a result. Finding such an increase inadvisable, particularly because an increase in house-rents was feared, the Government attempted to stabilize long-term interest rates at a 3-per-cent level by authorizing Riksbank purchases in support of the bond market. These Riksbank purchases went on until July 24, 1950, after which they were discontinued. As a result, the interest yield on long-term government bonds increased to 3⅜ per cent along with an increase of other interest rates. Even the Riksbank discount that had been stable since February 1945 was raised by one-half per cent to 3 per cent with effect from December 1st, 1950, although it was emphasized officially that this was but a temporary increase.

When comparing interest rates in Sweden and abroad at the end of 1950 with those in 1938, it will be found that Swedish interest rates have ceased to be as low in relation to foreign rates as they had been before the last war. This is illustrated by the following table showing the yields on long-term government bonds in certain important countries at the end of 1950 and 1938, respectively:

	Interest Yield, %	
	1950	1938
United States	2.4	2.5
Switzerland	2.8	3.2
Norway	3.1	3.4
Australia	3.1	3.8
Netherlands	3.3	3.0
Sweden	3.4	2.3
Great Britain	3.4	3.2
Be'gium	4.5	4.5
Denmark	4 8	3.9
Western Germany	5 8	4.3
Italy	6.2	5.3
France	6.5	5.3

At the end of the last war the countries of the western hemisphere were divided into two schools of thought over economic policy — those attempting to maintain full employment by means of government measures, and those allowing more ample scope to the forces of a free economy. The first group included Great Britain, the Netherlands and the Scandinavian countries, while most of the countries on the European continent belonged to the latter group. It was a characteristic feature of the economic policy of the countries belonging to the first group that interest rates were kept at a low and stable level, while in the countries of the latter group they were left flexible and were used as an instrument of economic policy. The United States held an intermediate position by generally pursuing a policy of free economy while at the same time freezing the interest rates at a low level. The low rate of interests in Switzerland may appear surprising since that country is known to be one of the staunchest advocates of a free economy. However, the reason for the country's low interest rates is to be found, not in a deliberate policy of cheap money, but in the special structure of the Swiss capital market. In fact, the country's low interest rates are viewed by the Swiss with some measure of concern.

The international tension whose latest climax was the outbreak of the war in Korea, greatly intensified last year the inflationary trends in practically all countries. As a counter-measure, many countries resorted to an increase in interest rates. No less than eight countries raised the discount in 1950, including countries like Denmark, Canada and Sweden that had pursued a pronounced cheap-money policy during the earlier postwar years. In these three countries the raising of interest rates was combined with restrictive government measures on the credit market. The Netherlands, another low-interest country which raised the discount, does not appear to have combined this step with other measures of credit policy, although certain conditions of the Dutch capital market would suggest that a change in the country's discount cannot have anything but fairly limited effects. The interest yield on Dutch government loans increased only an insignificant amount in 1950. In the United States, too, the discount increased, the Federal Reserve Banks raising the discount of bills of exchange from $1^1/_2$ to $1^3/_4$ per cent.

Countries pursuing a policy of dear money naturally wielded interest rates as their strongest weapon to combat inflation. The most striking example of this is Western Germany. Other examples are Belgium and Finland.

While current Swedish interest rates no longer present the exceptionally low level they had before the last war, Sweden's capital market has still preserved another peculiarity, and this is that the spread of the individual interest rates is rather close when compared with conditions abroad. It is extremely difficult to compare justly and accurately sections of the credit markets of various countries; but a few cursory comparisons may here be made to illustrate the special conditions of the Swedish market. The interest yield on bonds issued by a first-rate Swedish industrial company amounted to 3.4 per cent at the turn of last year. Comparable yields were 2.7 per cent in the United States, 3.0 in Switzerland, and 3.3 in the Netherlands. In most other countries yields were higher — 4.1 per cent in Great Britain, 4.7 in Belgium, and approximately 7 and 8 per cent in France and Western Germany, respectively. For credits on real estate as well, Swedish interest rates are comparatively low. Loans on unencumbered property in December 1950 commanded an interest rate of 3.6 per cent in Sweden, and almost the same rate prevails in the United States, Switzerland, the Netherlands, and Norway. In this important field, Swedish interest rates are therefore as low as in any other country. Extremely high mortgage rates prevail in France and Finland (about 8 per cent), Belgium (6.5 per cent) and Western Germany (6 per cent — with a mortgage limit as low as 35 to 40 per cent of the value of the property).

An important sector of the credit market in a highly industrialized country is the financing of the working capital of industry and trade. In Sweden, as in most other western countries, this is one of the cardinal tasks of the commercial banks. The two chief ways in which a business enterprise in Sweden usually covers its demand for working capital from outside are the discounting of bills of exchange and, secondly, overdrafts on check accounts. The costs of such borrowed capital vary considerably. They are lowest for the discounting of commercial bills — at present 3 per cent at the lowest for bills maturing within the next three months. Occasionally, accomodation bills are used instead, *i. e.*, bills for loans drawn by persons closely connected with the enterprise and accepted by the latter. Such bills are usually discounted at 4.5—5 per cent when running for three months. For overdrafts on check accounts the cost is 5 per cent or somewhat more. There are, of course, other forms of credit used in this connection, but the two forms mentioned above would appear to be the most typical ways of satisfying the demand for temporary working capital in Sweden.

Both the terms and the forms of commercial loans present a great many variations in foreign countries. As in Sweden, the discounting of commercial bills is generally the cheapest form, and in many countries the interest rates on such credits are considerably lower than in Sweden — at least for absolutely first-rate bills. For instance, at the end of last year the discount on a three-months' prime commercial bill was $1^1/_2$ per cent in Switzerland, $1^1/_4$—$1^3/_4$ per

cent in Great Britain, and 1 3/4 per cent in the United States. In Norway and in the Netherlands the rates were slightly lower than in Sweden, amounting to 2.5—3 per cent. The importance of the commercial bill as a credit instrument seems to have generally declined during the last few decades. This is also true of Sweden although the commercial bill still occupies a very prominent position there. This form of credit has, for instance, almost disappeared in the Netherlands where it has been replaced by others, particularly the more expensive form of current account credits commanding rates of 4—6 per cent. Countries where the discounting of commercial bills is more expensive than in Sweden are Finland (approx. 9 %), Western Germany (approx. 8 %), Denmark (5—6.5 %), Australia (4.5 %), and Belgium (4 %).

Comparisons are even harder to make for other forms of commercial loans, their terms differing widely according to the security offered by the debtor. As stated above, Swedish interest rates on credits of this kind are approximately 5 per cent or somewhat less. More or less the same rates probably obtain in Switzerland, Great Britain, Australia, and the Netherlands. They are somewhat lower in the United States and Norway, while they amount to almost 10 per cent in Western Germany.

In the course of 1950 interest rates were raised both in Sweden and numerous other countries in the western hemisphere. For some of them this meant a change in economic policy in that interest rates have again become an anti-inflationary instrument. It is by no means impossible that interest rates will be further forced up in the near future. There are signs that an increase in interest rates is at present being discussed in a number of countries.

THE ECONOMIC SITUATION DURING THE FIRST QUARTER OF 1951

The General Situation. Rearmament and the race for raw materials arouse world-wide fears that inflation might seriously break loose. At the same time, however, there are signs indicating a strongly growing determination on the part of the financially leading nations to protect the value of money. Special importance must be attached in this context to the efforts made to stop the flooding of the market with new money and with artificial purchasing power created by the central banks by bond purchases in support of the individual markets. There is now a wider scope for a freer monetary policy aiming at the purposeful use of actually existing resources.

Under the influence of a wave of rising prices abroad and increasing wages at home, the Swedish cost of living has almost reached the peak temporarily recorded during the 1920 boom following the first World war. The general reaction to the present inflation expressed itself in a flight of capital to real values, and in a boom on the stock market. The cessation of Riksbank purchases in support of the bond market is one of the most important anti-inflationary measures that have been taken. On the other hand, inflationary effects are being caused by other measures by the Riksbank, particularly its direct loans to the Government. After the Riksbank had discontinued supporting purchases of bonds in July 1950, its holding of bonds, Treasury bills and foreign exchange increased by over 600 million kronor until the beginning of March this year. More than 250 million kronor of new money have been poured into the market. To stop this outflow of new money is an indispensable condition for successfully checking inflation. Compared with this cardinal point, many of the more special measures suggested at present are actually of little account.

Last year's industrial production, as reported by the Federation of Swedish Industries, increased by 4 per cent. — a rate which was obtained also in 1949. An increased demand for timber, pulp and paper caused a production increase of no less than 8 per cent. in those industries. There was a production increase also in ore mining and the metal and foodstuff industries, while, owing to a somewhat smaller demand, production slackened in the textile, clothing, leather and shoe industries. In January, in spite of a seasonal decline, total industrial production was 6 per cent. above the figure for the same period last year. This production increase must be attributed chiefly to a continued increase in productivity, the employment figure having probably increased by no more than approximately 0.5 per cent. There is a strong disparity between labour demand and labour supply. The export industries seem to have absorbed the largest part of what increase in employment there has been, always at the expense of the industries manufacturing consumers goods for the domestic market.

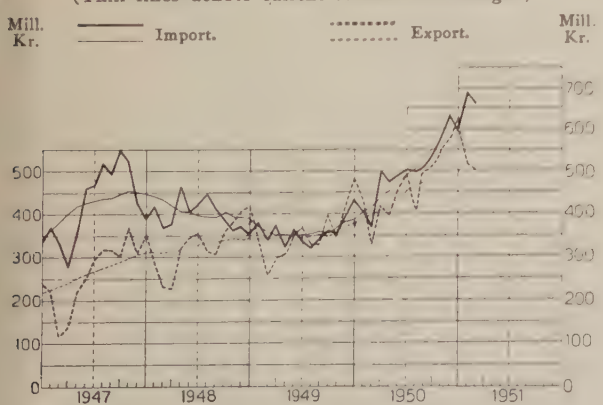
Will this increase in production continue unchanged this year? The current armament boom seems to suggest that markets will remain relatively favourable. However, current import difficulties may increase with regard to essential commodities. There is some headache even now over imports of coal, coke, certain kinds of iron and steel, and textiles. Also, a reduction in domestic supplies of raw materials and unprocessed commodities may be feared, and greater economy with Sweden's timber resources may become necessary. Order stocks in industry have further increased. Deliveries in the engineering industry are believed to be stipulated for the next eighteen months at least, and the terms of delivery for iron and other metals generally run at four or five months during the first half of the current year. In addition, the present shortage of labour may become even more acute, particularly if a proposed prohibition of nightwork should be introduced and if there should be a call-up for refresher training.

Building and other investments planned this year amount to a total of about 1,880 million kronor, which is a good 20 per cent. above the 1950 plans. The number of completed housing units is thus expected to increase from approximately 45,000 to between 48,000 and 50,000. Supplementary to the direct investment control which affects building, the Minister of Finance has proposed an extra 10-per-cent. investment tax to be levied in the next taxation year. This, it is expected, will help bring down investments in stocks and inventories. On the consumption side, demand may be expected to slacken temporarily as prices increase. Durable consumers goods in particular were coveted in the months about the turn of the year when the public availed themselves of the opportunity of buying goods at the then lower prices. Shoe sales, for instance, were over 50 per cent. larger in December and January than they had been one year ago, and there was a similar though somewhat less pronounced trend in other branches.

Ever since last summer, foreign trade has been

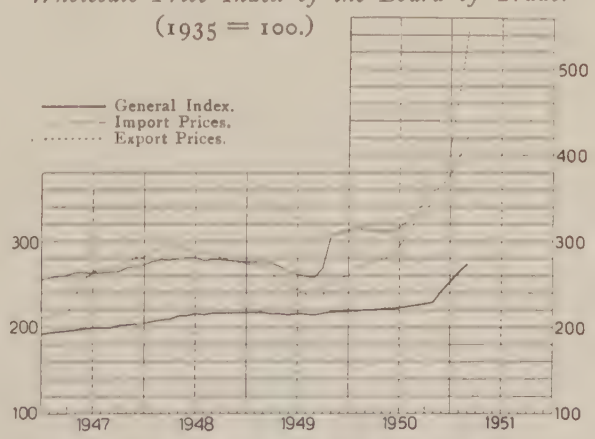
Foreign Trade. (Million kr.)

(Thin lines denote current 12-months' averages.)



Wholesale Price Index of the Board of Trade.

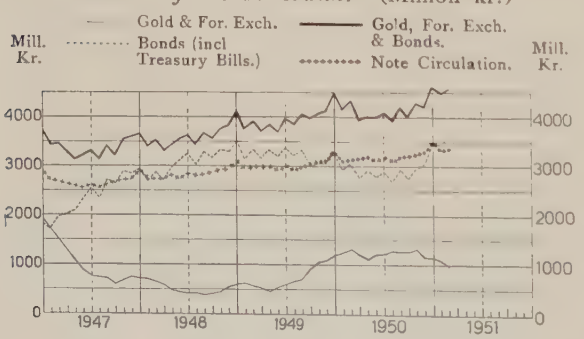
(1935 = 100.)



characterized by price increases which between June 1950 and February 1951 amounted to no less than 85 per cent. for exports and 35 per cent. for imports. Price increases abroad began to contaminate domestic prices during the latter months of last year, and since the beginning of this year wage increases were an additional factor raising the cost of living. From September to February, wholesale prices rose by approximately 20 per cent., and the presumable cost of living in mid-March will be about 10 per cent. above the September figure. There were two types of domestic price increases — a more important one resulting from an adaptation to the higher international price level, and another one caused by the higher costs conditioned, at the beginning of this year, by wage increases. The higher prices commanded by foodstuffs, clothes and shoes generally represent the former type, while the higher rates of public transport and communication services are among the price increases more exclusively attributable to wage increases. Collective bargaining for the 1951 contracts was at the outset rather hesitant. Since future price developments had long remained uncertain, the bulk of the collective contracts was not settled until quite some time after the beginning of the new year, with average wage increases of 15 to 16 per cent. as a result.

Last year's export volume as reported by the Institute for Economic Research increased by 25 per cent. There was a simultaneous 24-per-cent. increase of imports which, under the influence of import restrictions, had gone down during the two preceding years. Developments are illustrated in the following table, with 1948 as the base year.

Position of the Riksbank. (Million kr.)



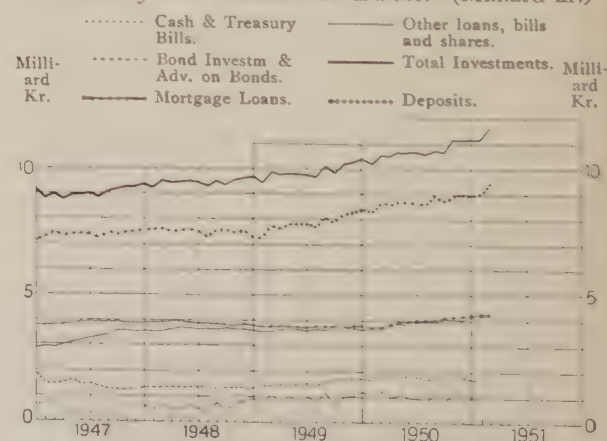
	1947	1948	1949	1950
Export Volume . . .	91	100	115	144
Import Volume . . .	111	100	87	108

For the current year, the volume of exports cannot be expected to be stepped up at a rate anywhere near that indicated above. Markets are still extremely favourable, but the domestic production capacity and output can hardly be increased substantially over last year's level. For products of the forest industry — nearly one-half of Sweden's exports — any major increase in output seems to be out of the question. Moreover, the American market for pulp is uncertain because of current prices. Similar difficulties in increasing output seem to prevail in practically all remaining groups of export goods. In conclusion, there may be a 5-per-cent. increase in volume this year. Imports are expected to increase in roughly the same measure.

In terms of value, last year's imports increased more steeply than exports, the figures being 41 per cent. as against 34 per cent. With an increase in the import surplus from 85 to 390 million kronor, the foreign-trade balance presented the following picture:

	1949	1950 (prelim. figures)
	(Million kronor)	
Exports, f. o. b.	+ 4 250	+ 5 710
Net income from shipping	+ 590	+ 560
Other invisible items	— 15	— 70
Total, visible & invisible exports	+ 4 825	+ 6 200
Imports, c. i. f.	— 4 335	— 6 100
Balance	+ 490	+ 100

Position of the Commercial Banks. (Milliard kr.)



As will be seen, the barter balance has dropped considerably from the relatively high figure in 1949. Together with an increased import surplus, the net income from shipping has dropped by 30 million kronor (preliminary figure), and the unfavourable balance of other invisible items has gone up with something over 50 million kronor.

The increase in Swedish exports has been caused primarily by an intensified foreign trade with Western Europe, notably Western Germany, after Great Britain now Sweden's biggest customer. As will be seen below, Swedish exports to that country were more than twice as large as in 1949.

Foreign Trade with the Most Important Countries, January—December 1949 and 1950

(Million kronor)

	Imports		Exports		Trade Balance	
	1949	1950	1949	1950	1949	1950
Great Britain . . .	747	1 218	728	812	— 19	—406
Western Germany .	282	653	316	730	+ 34	+ 77
United States . . .	416	537	247	345	—169	—192
Norway	169	181	416	512	+247	+331
France	238	383	191	249	— 47	—134
Netherlands	213	276	226	348	+ 13	+ 72
Denmark	156	213	208	336	+ 52	+123
Belgium	279	240	212	215	— 67	— 25
Brazil	124	201	119	229	— 5	+ 28
Poland	207	207	124	167	— 83	— 40
Italy	135	171	126	121	— 9	— 50
Argentina	115	151	89	109	— 26	— 42

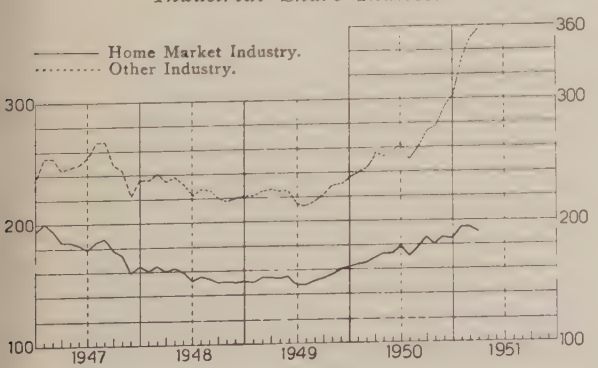
The payments crisis in Western Germany may interrupt this favourable development, and it remains to be seen whether the German import restrictions are to set the pattern for similar measures in other West-European countries. At all events, it has become clear by now that the greater liberalization of trade agreed upon, in principle, by the OEEC countries, will have to wait.

Imports from Great Britain, Sweden's biggest trade partner, rose considerably, while exports to that country increased only slightly in value. Imports paid in dollars continue to be under strict control and can therefore be roughly adapted to actual dollar earnings. The foreign trade with the dollar area last year totalled about 450 million kronor for exports, and nearly 800 million for imports. Pulp exports to that area are unlikely to increase considerably this year; but an expected 20-per-cent. increase of iron ore shippings to the United States, together with increased exports of newsprint, iron and steel, may permit the import value of dollar goods to surpass by over 100 million kronor the corresponding estimate made one year ago. The schedule of import licences for the first half of this year, moreover, anticipates certain imports for national defence for which part of the country's foreign exchange reserves will be used.

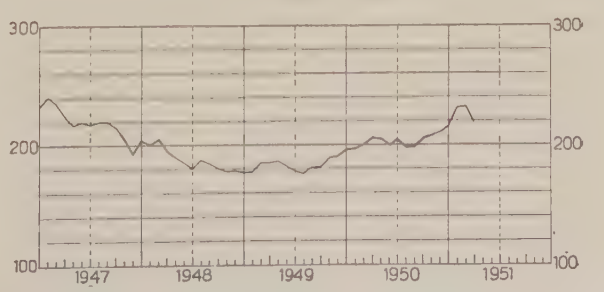
Developments in foreign trade during the first two months of this year were marked by the usual seasonal decline. However, a continued import boom for automobiles caused the Government to re-introduce a quota system for such imports from the beginning of the second quarter. It is expected that automobile imports will thereby be cut down approximately one-half.

	Imports	Exports	Surplus of Imports
	(Million kronor)		
Jan.—Feb. 1939 . . .	337	274	63
» » 1946 . . .	408	364	44
» » 1947 . . .	705	341	364
» » 1948 . . .	787	519	268
» » 1949 . . .	716	590	126
» » 1950 . . .	770	756	14
» » 1951 . . .	1 356	967	389

Industrial Share Indices.



Bank Share Index.



The development of foreign exchange reserves will be seen from the following table.

Gold and Foreign Exchange Reserves & Bond Holdings of the Riksbank

(Million kronor)

	Assets			
	Gold & for. exch.	Bonds & Treasury bills	Total	Liabilities abroad:
Dec. 31, 1949	1 396	3 184	4 580	126
Mar. 31, 1950	1 464	2 650	4 114	134
June 30, »	1 508	2 833	4 341	96
Sept. 30, »	1 686	2 745	4 431	268
Dec. 30, »	1 497	3 443	4 940	232
Jan. 31, 1951	1 424	3 425	4 849	282
Febr. 28, »	1 395	3 618	5 013	368
Mar. 31, »	1 565	3 556	5 121	463

The considerable import surplus in Sweden's foreign trade during the last few months has reduced the foreign exchange net reserves of the Riksbank. From the beginning of the year until the end of March, however, gold and foreign exchange reserves increased from 1,497 to 1,565 million kronor, while the country's liabilities abroad simultaneously rose from 232 to 463 million kronor. The distribution of the foreign exchange reserves by individual currencies is listed below.

	1950 Sept. 30		1950 Dec. 30		1951 Mar. 31	
	(Million kronor)					
Gold		448		466		588
Dollars	482		493			
Sterling	216	1 085	212	920		923
Other currencies	387		215			
Total, gross		1 533		1 386		1 511
Liabilities, net		— 268		— 232		— 463
Total, net		1 265		1 154		1 048

In the accounts with the EPU, Sweden had a deficit of 66 million kronor in December, 98 million in January, and 121 million in February. While Sweden's December deficit was covered by sterling assets, it was found more advisable to cover the country's January and February deficits by using, for the first time, the credit quota of 260 million dollars allotted to Sweden.

Deposits in the commercial banks were 9,268 million kronor at the end of February, as against 8,634 million one year ago — an increase of slightly over 7 per cent. in the course of one year. For other credit institutions, the per-cent. figure is a little lower. Aggregate deposits in banks and agricultural credit institutions at the end of last year amounted to roughly 19,000 million kronor.

The strong increase in credit demand noticeable during the greater part of last year in all economic sectors continued during the first quarter of this year as a consequence of price increases and the boosting of foreign trade. Advances from the commercial banks were 9,238 million kronor at the end of February, as against 8,030 million at the same time last year — an increase of 15 per cent. in one year. During the first two months of this year, however, the up-

Position of the Commercial Banks

	1949	1950			1951	
Assets (in mill. kr.)	Febr.	Febr.	Nov.	Dec.	Jan.	Febr.
Cash	495	526	548	681	640	772
Treasury bills	554	826	569	382	400	658
Swedish bonds	523	884	744	725	730	672
Advances in Sweden	7 778	8 030	8 980	9 065	9 214	9 238
Assets abroad	198	266	270	327	278	284
Sundry accounts	400	410	706	771	481	462
Total	9 948	10 942	11 817	11 951	11 743	12 086
Liabilities (in mill. kr.)						
Deposits in Sweden	7 664	8 634	8 826	8 779	8 890	9 268
Liabilities abroad	501	585	761	780	781	831
Share capital and reserve funds	1 023	1 009	1 010	1 010	1 011	1 031
Sundry accounts	760	714	1 220	1 382	1 061	956
Total	9 948	10 942	11 817	11 951	11 743	12 086

Bank Deposits and Funds of Insurance Companies

	Dec. 31, 1938		Dec. 31, 1945		Dec. 31, 1949		Dec. 30, 1950	
	Mill. kr.	%	Mill. kr.	%	Mill. kr.	%	Mill. kr.	%
Savings Banks	3 685	30.6	5 468	28.5	7 060	28.2	7 437	28.0
Post Office Savings Bank	606	5.0	1 394	7.3	2 043	8.2	2 100	7.9
Agric. Credit Institutions	59	0.5	193	1.5	361	1.4	404	1.5
Total	4 350	36.1	7 055	36.8	9 464	37.8	9 941	37.4
Insurance Companies	3 447	28.6	5 304	27.6	7 192	28.7	[1]) 7 700	29.0
Commercial Banks	4 260	35.3	6 846	35.6	8 339	33.5	8 930	33.6
Grand total	12 057	100.0	19 205	100.0	25 055	100.0	26 571	100.0

[1]) Estimated amount.

ward curve of advances has markedly slackened. The reason was a greater credit retrenchment caused by factors such as sharpened regulations concerning cash reserves introduced on October 1st, 1950.

The Stock Market. For the Stock Exchange, the current year began under the auspices of a boom, followed by an interest much keener than had long been the case. Disquieting prospects for the future — foreign-political uncertainties, the question of the supply of raw materials for industry, fuel problems, and the contingency of fresh government restrictions — did not prevent an extremely large demand for shares, and prices soared under the influence of a »non-recurrent» inflation and the lifting of restrictions on dividends. The shortage of investment material, satisfactory balance sheets, higher dividends and bonus issues have further promoted the prevailing boom.

In the very first days of January prices went up on an average 5 per cent. The rest of the month showed a firm tendency with continued price increases and peak quotations for industries and banks alike, the interest centering on wood, pulp and combined wood-and-iron industries. After one or two weeks of undecided and irregular price trends, February brought fresh price increases when *Wifstavarf* and *Reymersholm* announced bonus issues and higher dividends, and when an increase of *Atlas Diesel* dividends from 7 to 10 per cent. and a new *ASEA* issue at 110 per cent. were made public a few days later. The hope that others might follow suit later materialized in a great many cases. Shipping shares, too, repeatedly aroused a keener interest in the light of higher freight rates and a greater demand for tonnage. The end of February brought a slight reaction with a declining turnover and a number of minor downward price adjustments. However, the Stock Exchange generally preserved a firm undercurrent, and another series of satisfactory balance sheets has given rise to what looks like a renewed increase in prices.

Between December 15, 1950, and March 15, 1951, prices went up 2.5 per cent. for the home-market industry, 18.4 per cent. for other industries, and 1.5 per cent. for banks. Dividends in per cent. of market prices are shown below.

	1950		1951		
	Nov. 15	Dec. 15	Jan. 15	Feb. 15	Mar. 15
5 wood-processing companies	3.2	3.2	2.6	2.7	2.6
2 combined wood and iron industries	3.0	2.9	2.6	2.8	2.6
5 exporting engineering companies	4.2	4.1	3.7	3.5	3.7
4 big banks	4.2	4.3	3.8	4.0	4.2

The following issues were reported during the period under review:

Bonus Issues

		Kr.
AB Investor	1 share for 4 old ones,	9 000 000
Sundsvalls Enskilda Bank AB	2 » » 5 » »	5 800 000
Stora Kopparbergs Bergslags AB	1 » » 3 » »	30 000 000
Wifstavarfs AB	1 » » 2 » »	7 250 000
Reymersholms G:la Industri AB	1 » » 6 » »	2 000 000
Holmens Bruks & Fabriks AB	1 » » 3 » »	11 520 000
Fagersta Bruks AB	1 » » 3 » »	10 000 000
Telefonab. L. M. Ericsson	1 » » 3 » »	30 600 000
AB Nya Centralbryggeriet i Linköping	1 » » 6 » »	500 000
Rederi AB Svenska Lloyd	1 » » 4 » »	3 696 000
Uddeholms AB	1 » » 3 » »	25 800 000
Sv. Diamantbergborrnings AB	1 » » 3 » »	1 000 000
Boxholms AB	2 » » 5 » »	2 400 000
Korsnäs AB	3 » » 7 » »	, ord. 15 000 000
»	2 » » 7 » »	, pref. 10 000 000
Munksjö AB	2 » » 5 » »	6 000 000
Elektrolux AB, written up from nomin. 75.— to 100.— kr.	1 » » 3 » »	15 000 000
Kilsunds AB	1 » » 2 » »	2 500 000
Billeruds AB	1 » » 3 » »	12 000 000
Ströms Bruks AB	1 » » 2 » »	7 500 000

New Issues

Skandinaviska Banken AB	1 share for 5 old ones, at	169 %	19 141 600
ASEA	1 » » 2 » » , »	110 %	67 500 000
AB Wilh. Becker	1 » » 5 » » , »	160 %	1 100 000
Sandvikens Jernverks AB	2 » » 7 » » , »	100 %	10 000 000

The Bond Market. The total of outstanding bonds in 1950 increased by approximately 400 million kronor to 13,184 million at the end of the year. As will be seen below, most of this increase was accounted for by the Government and the mortgage institutions, while the figure for industrial loans remained practically stable.

The fourth quarter of last year was marked by a certain scarcity of capital with rising interest rates. The first quarter of the current year brought a change, a larger money supply ironing out some of the difficulties on the money and

Swedish Bonds in Circulation

(Million kronor)

	Dec. 31 1949	Mar. 31 1950	June 30 1950	Sept. 30 1950	Dec. 30 1950
Swedish Government	7 144	7 165	7 125	7 084	7 267
Mortgage banks . .	3 378	3 421	3 438	3 445	3 531
Municipalities . . .	913	902	946	947	1 040
Industrial, transport & other companies	1 355	1 347	1 356	1 358	1 346
Total	12 790	12 835	12 865	12 834	13 184

capital markets. At the same time more bonds were available for investment, and interest rates dropped slightly. The price of the 3 % Government bond loan of 1934 rose from 90½ in mid-December to 93½ in mid-March, the latter price corresponding to an interest yield of 3.24 per cent. Other changes in the yields on bonds will be seen below.

Yield on Bonds (in %).

Swedish Government	Number of loans	1950 Oct. 13	1950 Nov. 14	1950 Dec. 15	1951 Jan. 15	1951 Febr. 15	1951 Mar. 15
3 % 1934–. Conv. 1944	1	3.27	3.28	3.35	3.33	3.31	3.24
3 % 1937–97. Conv. 1947	1	3.28	3.29	3.37	3.38	3.35	3.30
Mortgage Banks							
3 % Conv. 1944—47 . . Repayment 1999–2009, at the latest.	4	3.22	3.25	3.33	3.33	3.30	3.28
Municipalities							
3 % Conv. 1945—46 . . Repayment 1965–1975, at the latest.	2	3.30	3.26	3.41	3.56	3.43	3.40
Industrial Companies							
3 %	2	3.20	3.27	3.45	3.53	3.37	3.33

Interest yields on short-term bonds went down appreciably during the first quarter. The yield on bonds maturing in one year, for instance, dropped from 3.1 per cent. in mid-December to 2.5 per cent. in mid-March. The reason for this considerable drop in the yields on short-term bonds may be found in an increased demand for short-term investment material from certain commercial banks. On the other hand, there has been no change in the interest rates of day-to-day loans and 3-month Treasury bills. In fact, the National Debt Office has offered 5-month bills at a rate of 2.2 per cent. At the end of February, Treasury bills in circulation totalled 3,131 million kronor, *i. e.*, 355 million kronor more than at the beginning of the year.

Interest Yield on Short-Term Loans

Approx. yield for shortdated bonds:	Oct. 31, 1948	June 15, 1950	Dec. 15, 1950	Mar. 15, 1951
		Per cent		
1 year	2.60	1.65	3.10	2.50
2½ years	2.80	2.50	3.25	2.80
Longer periods . .	3.15	2.50–2.55	3.35	3.10
Interest offered on Treasury bills:				
Not more than 3 months	1.5	1.0	2 0	2.0
Interest offered on day-to-day loans:				
1 day's notice . .	2.0	1.5	2.5	2.5
10 days' » . .	2.5	—	—	—

Comparatively few new bond issues were made during the first quarter. Much interest was attracted by the 3½ % loan of the City of Stockholm to the amount of 60 million kronor, at par, of which 55 million were offered — and soon oversubscribed — in the open market. An important conversion to be carried out in April will be that of the so-called Second Defence Loan of January 15, 1941, to the total amount of 560 million kronor. A 150-million premium loan and a 3½ % Government loan of June 15, 1951, will be offered in exchange. The conversion does not provide for new subscriptions.

Major bond issues made during the quarter under review are listed below.

New Issues during First Quarter of 1951

	Rate of Interest %	Amount of Issue (mill. kr.)	Price of Issue %
Swedish Cities' Mortgage Bank	3½		[1]) 99¾
City of Stockholm	3½	60	[2]) 100
Krångede AB	3¾	20	100
AB Sveriges Litografiska Tryckerier (debenture loan)	4	10	100
Swedish Mortgage Bank . . .	3½	50	[3])

[1]) In connection with the conversion of the 4 % 1941 loan (17 mill. kr. outstanding). — [2]) Of which 55 mill. kr. offered in the market. — [3]) Placed privately.

Notice of redemption has been given for the following loans without option to convert:

AB Göteborgs Hypoteksskassa . . . . . 3½ % 1941, obl. on Oct. 1, 1951

Göteborgs Intecknings Garanti AB . . . . . 3½ % 1941, obl. on Sept. 1, 1951

Some Statistical Data Concerning Sweden's Economic Position.

I. The Riksbank. (Amounts in million kr.)

Assets										Liabilities									
Gold and Foreign Exchange Reserves						Bonds and Treasury Bills		Domestic Bills		Note Circulation		Foreign Debt		Deposits at Sight					
Gold [1]		Foreign Exchange [2]		Total										State		Commercial Banks		Other		Total	
1 332		834		2 166		106		13		1 061		84		418		428		3		849	
1 371		712		2 083		1 544		49		2 877		174		706		84		85		875	
379		510		889		2 747		38		2 895		165		631		197		72		899	
290		411		701		3 317		65		3 113		96		679		358		101		1 138	
362		954		1 316		3 184		26		3 287		126		467		361		79		907	
466		920		1 386		3 443		21		3 513		232		511		312		44		867	
1950	*1951*	*1950*	*1951*	*1950*	*1951*	*1950*	*1951*	*1950*	*1951*	*1950*	*1951*	*1950*	*1951*	*1950*	*1951*	*1950*	*1951*	*1950*	*1951*	*1950*	*1951*
362	484	958	871	1 320	1 355	2 794	3 425	26	21	3 111	3 336	83	282	479	568	185	337	79	51	743	956
361	560	983	779	1 344	1 339	2 909	3 618	26	21	3 133	3 363	99	368	470	465	271	479	84	43	825	987
359	588	959	923	1 318	1 511	2 650	3 556	48	21	3 161	3 355	134	463	409	731	39	263	83	26	531	1 020
366		874		1 240		2 898		50		3 206		140		438		102		81		621	
370		968		1 338		2 789		50		3 092		131		442		224		79		745	
369		948		1 317		2 833		17		3 178		96		533		75		72		680	
368		964		1 332		2 675		21		3 105		59		432		109		74		615	
367		958		1 325		2 936		20		3 163		70		330		379		79		788	
448		1 085		1 533		2 745		21		3 197		268		394		131		66		591	
468		1 084		1 552		2 957		22		3 250		231		394		342		67		803	
467		940		1 407		3 046		22		3 285		255		404		263		63		730	
466		920		1 386		3 443		21		3 513		232		511		312		44		867	

[1] Market value. — [2] Gross claims on foreign countries.

II. Commercial Banks. (Amounts in million kr.)

Cash		Swedish Bonds [1]		Advances [2]						Deposits [2]		Surplus of Advances		Net Claims on Foreign Countries		Distribution of Loans by Forms of securities (in %)							
				Domestic Bills		Thereof Redisc.		Total Advances								Mortgages		Personal Guarantee		Shares		Bonds, merchandise, & c	
																%		%		%		%	
601		190		1 163		0		4 254		4 041		213		— 40		58.4		13.8		15.3		12.6	
382		991		1 354		8		7 242		6 939		303		−312		59.2		14.8		7.3		18.7	
499		533		1 745		—		7 937		7 290		647		−293		60.0		19.2		7.3		13.5	
652		717		1 746		0		7 830		7 490		340		−300		59.0		19.2		7.7		14.1	
686		1 271		1 820		—		7 925		8 258		−283		−281		58.5		20.2		7.0		14.3	
681		1 107		2 126		—		9 065		8 779		286		−453		58.8		20.9		6.6		13.7	
1950	*1951*	*1950*	*1951*	*1950*	*1951*	*1950*	*1951*	*1950*	*1951*	*1950*	*1951*	*1950*	*1951*	*1950*	*1951*	*1950*	*1951*	*1950*	*1951*	*1950*	*1951*	*1950*	*1951*
431	640	1 381	1 060	1 837	2 157	—	—	8 030	9 214	8 182	8 890	−152	324	−286	−503	58.4	58.5	20.6	21.2	7.0	6.5	14.0	13.8
526	772	1 709	1 330	1 852	2 203	—	—	8 030	9 238	8 563	9 268	−533	−30	−318	−547	58.6	58.7	20.4	21.1	6.6	6.4	13.9	13.8
287		1 594		1 909		—		8 238		8 448		−210		−327		58.4		20.6		7.0		14.0	
339		1 644		1 928		—		8 266		8 536		−270		−323		58.5		20.9		7.0		13.6	
488		1 407		1 966		—		8 332		8 527		−195		−310		59.0		20.1		6.8		14.1	
368		1 440		1 995		—		8 422		8 529		−107		−248		58.9		20.5		6.9		13.7	
359		1 312		1 981		0		8 530		8 449		81		−299		58.4		21.3		6.6		13.7	
629		1 411		1 964		—		8 557		8 821		−264		−358		58.7		21.0		6.6		13.7	
417		1 148		2 023		—		8 889		8 554		335		−402		57.8		21.7		6.4		14.1	
642		1 307		2 031		—		8 891		8 804		87		−487		58.2		21.7		6.4		13.7	
548		1 313		2 065		—		8 980		8 826		154		−491		58.5		20.9		6.5		14.1	
681		1 107		2 126		—		9 065		8 779		286		−453		58.8		20.9		6.6		13.7	

[1] Including Treasury Bills. — [2] Within the country.

III. Other Credit Institutions. Stock Exchange.

Year or Month	Savings Banks: Deposits [1] Million kr.	Savings Banks: Advances [1] Million kr.	Savings Banks: Bonds [1] Million kr.	Deposits at the Post Office Savings Bank [1] Million kr.	Bank Clearing at the Riksbank Million kr.	Turnover of the Postal Cheque Service Million kr.	Yields on Bonds [2]: Govt. Loans %	Yields on Bonds [2]: Industrial Loans %	Turnover at the Stockholm Stock Exchange [3]: Bonds 1 000 kr.	Turnover at the Stockholm Stock Exchange [3]: Shares 1 000 kr.	Share index: Home Industries	Share index: Other Industries
1938	3 685	3 069	829	618	31 380	24 986	2.32	2.92	243	931	161	16
1946	6 034	4 660	1 513	1 589	72 360	93 656	3.03	2.98	1 225	663	194	23
1947	6 356	5 402	1 149	1 722	82 832	119 657	3.05	3.10	2 283	786	181	24
1948	6 751	5 953	953	1 923	83 769	142 062	3.09	3.33	1 266	462	156	22
1949	7 060	6 481	911	2 083	88 548	157 383	3.04	3.02	429	446	154	22
1950	7 437	6 994	879	2 143	109 313	167 415	3.16	3.10	354	759	175	26
	1950 *1951*	*1950* *1951*	*1950* *1951*	*1950* *1951*	*1950* *1951*	*1950* *1951*	*1950* *1951*	*1950* *1951*	*1950* *1951*	*1950* *1951*	*1950* *1951*	*1950*
Jan.	·	·	·	2 105 2 153	8 265 11932	14 108 16 941	3.03 3.33	3.00 3.53	454 555	656 1101	164 194	239
Febr.	·	·	·	2 130 2 166	6 716 9 789	12 255 14 185	3.05 3.31	2.97 3.37	328 226	940 1274	165 193	244
March	7 430	6 623	906	2 142	8 500 11372	13 927 17 444	3.03 3.24	2.97 3.33	388 817	966 890	170 190	256
April	·	·	·	2 148	6 833	10 255	3.05	2.97	330	663	172	253
May	·	·	·	2 138	9 004	17 684	3.05	2.97	456	511	173	256
June	7 466	6 769	911	2 137	8 321	11 293	3.05	2.97	325	924	179	264
July	·	·	·	2 146	8 502	14 764	3.05	3.02	414	650	170	250
Aug.	·	·	·	2 156	8 489	12 884	3.20	3.20	160	526	176	259
Sept.	7 489	6 924	897	2 149	10018	15 811	3.18	3.19	253	705	180	274
Oct.	·	·	·	2 149	10417	12 568	3.27	3.20	368	640	180	277
Nov.	·	·	·	2 139	12415	18 155	3.28	3.27	351	1158	186	293
Dec.	7 437	6 994	879	2 143	11833	13 711	3.35	3.45	417	774	185	301

[1] At the end of each year or month. — [2] Calculated on market prices at middle of months. The yearly figures represent averages of the monthly figures. — [3] Averages per Stock Exchange business day.

IV. Other Statistical Data.

Year or Month	National Debt [1]: Total Million kr.	National Debt [1]: Thereof funded Million kr.	Foreign Trade: Imports Million kr.	Foreign Trade: Exports Million kr.	Foreign Trade: Export (+) or Import (−) Surplus Million kr	Production Index [2] 1935 = 100	Unemployment in the Trade Unions [3] %	Whole Sale Price Index (1935 = 100) [3]: Import Goods	Whole Sale Price Index (1935 = 100) [3]: Export Goods	Whole Sale Price Index (1935 = 100) [3]: All Goods	Cost of Living Index [3] 1935 = 100	Waggon-Kilometres of Loaded Trucks [4]
1938	2 566	2 443	2 082	1 843	− 239	123	10.9	111	120	111	106	44.6
1946	11 384	9 336	3 386	2 547	− 839	167	3.2	251	211	186	151	112.5
1947	11 287	8 931	5 220	3 240	− 1 980	172	2.8	264	254	199	156	108.8
1948	11 598	8 944	4 945	3 979	− 966	183	2.8	278	285	214	163	108.9
1949	12 055	8 714	4 333	4 250	− 83	191	2.7	278	253	216	166	110.1
1950	12 464	8 949	6 103	5 710	− 389	199	2.2	332	314	227	168	120.2
	1950 *1951*	*1950* *1951*	*1950* *1951*	*1950* *1951*	*1950* *1951*	*1950* *1951*	*1950* *1951*	*1950* *1951*	*1950* *1951*	*1950* *1951*	*1950* *1951*	*1950*
Jan.	11 759 12 259	8 765 8 974	403 692	431 516	+ 28 −176	193 204	4.4	315 405	269 471	219 266	·	102.0
Febr.	12 414 12 734	8 782 8 973	367 662	328 452	− 39 −210	198	4.0	314 423	273 545	220 274	·	107.6
March	12 016 12 329	8 851 8 972	495	426	− 69	208	3.0	312	276	220	167	125.4
April	12 247	8 336	472	398	− 74	213	2.1	311	279	221	·	108.2
May	11 936	8 848	491	458	− 33	206	1.4	312	284	221	·	135.4
June	12 073	8 879	504	492	− 12	202	1.5	314	294	223	167	113.7
July	11 740	8 871	499	410	− 89	137	1.5	322	308	224	·	105.9
Aug.	12 246	8 883	509	497	− 12	194	1.3	333	326	225	·	123.6
Sept.	11 756	8 864	541	515	− 26	202	1.0	347	337	228	168	130.6
Oct.	12 092	8 861	583	551	− 32	212	1.2	358	348	230	·	135.4
Nov.	12 222	8 922	636	579	− 57	214	1.5	366	355	244	·	132.7
Dec.	12 464	8 949	599	625	+ 26	210	3.1	379	414	253	171	122.1

[1] At the end of each year or month. — [2] The yearly figures up to and including 1948 according to the Board of Trade, the other according to the Federation of Swedish Industries. — [3] The yearly figures represent averages of the monthly figures. — [4] Million kilometres per month on State Railways.

Kungl. Boktr. Sthlm
510314

SKANDINAVISKA BANKEN

AKTIEBOLAG

Statement of Condition February, 28th, 1951

ASSETS

Cash in hand and with the Riksbank	205.393.618
Bonds and Treasury Bills	285.240.262
Loans and Discounts	2.319.071.634
Swedish Banks and Savings Banks	14.040.315
Banks abroad	29.079.698
Sundry Accounts	28.172.263
Shares	61.393.977
Buildings, Furniture and Fittings	26.338.379
	Kr. 2.968.730.146

LIABILITIES

Bills at sight in circulation (»postremiss» bills)		24.795 783
Deposits		2.437.202.002
Swedish Banks and Savings Banks		30.637.275
Banks abroad		216.777.846
Sundry Accounts		49.317.240
Share Capital	95.708.000	
Reserve Funds	114 292.000	210.000 000
		Kr. 2.968.730.146

GENERALSTABENS LITOGRAFISKA ANSTA